

IV. Remarks

Claims 1 -15, 17 - 28 and 30 are pending in the application. The application has been amended to more particularly point out and distinctly claim the subject matter of the invention. With regard to the various bases of the **DETAILED ACTION**, applicant responds:

The Examiner's suggestions are appreciated and have been adopted herein. Namely, Figure 12 is corrected to show a deositor bank, Claim 25 is rewritten in independent form; and the antecedent basis issues pointed out concerning claims 1, 30, 3, 21, 22, 9, 10, and 25 have been addressed. The subject matter of former claim 31 is otherwise restated and incorporated in claim 1 and its dependent claims.

Regarding the rejection of claims 1 - 32 as being anticipated under 35 USC 102(b) by Shavit *et al.*, applicants submit that while Shavit *et al.* discloses a system for interlinking disparate buyers and sellers in a network to effect a transaction, Shavit *et al.* does not describe the claimed system herein.

The system of claims 1 and 30 (dealing with an employee reimbursement example) and is an institution-centric electronic commerce system for effecting a real time transfer of guaranteed funds associated with a transaction. All members of the system subscribe to the same rules. In the system, an association of institutional user account custodians and institutional merchant account custodians subscribing to a common rule set in which users and merchants are associated with their respective account custodians and in which the respective custodians of the user and merchant accounts maintain custody of funds of the user and the merchant and a network interconnects users and user account custodians; merchants to and from merchant account custodians; users and merchants; and user account custodians; and merchant account custodians; and a settlement mechanism. Transactions occur in a vendor mall which is accessible by a user through a network connection initiated through a user account custodian. When a transaction occurs, a network

switch linking receiving a transaction record and transmits the record essentially simultaneously to the user account custodian and to the merchant account custodian. The user account custodian debits funds from the user account in the amount of the transaction funds value and separates said funds from the user's account into a transaction value funds account in a file associated with the merchant account custodian. Thus the merchant receives good funds immediately without incurring a risk of non-payment, and "float" is eliminated. Account settlement occurs on a predetermined interval basis through various means. The architecture of the claimed system is shown below:

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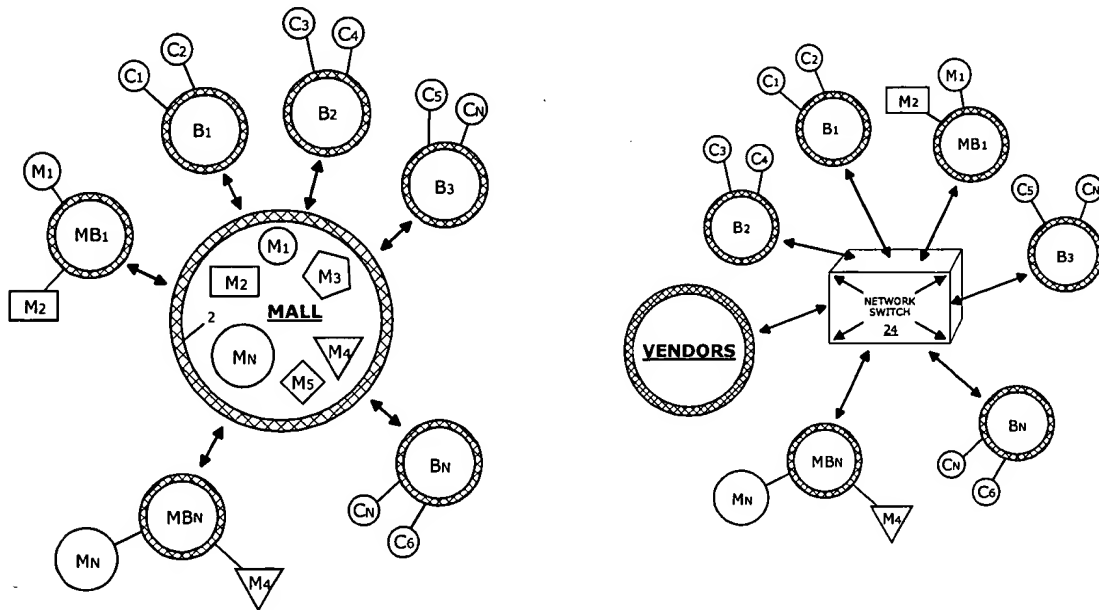
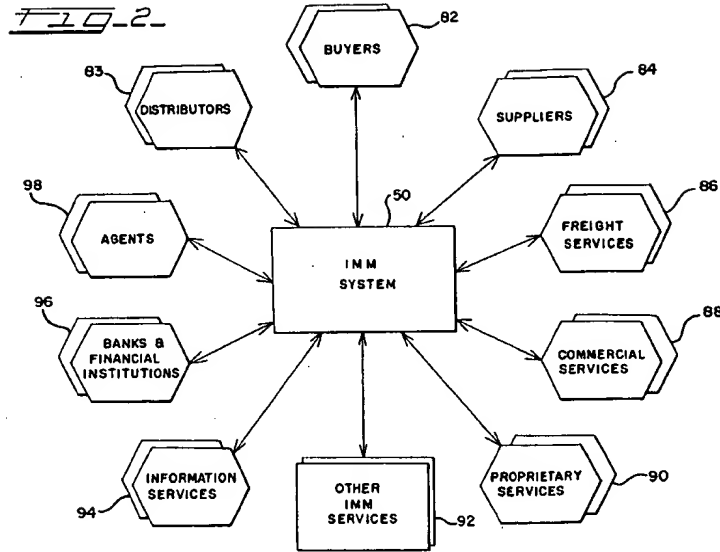


Figure 2 of Shavitt *et al.* is shown below:



The rule based institution centric system of the claims, provides user security by access to the mall through the user's account custodian, the benefit of real time payment to the merchant, and provides the risk and fraud reduction benefits otherwise described in the Specification at pages 2 and 3. In contrast, Shavitt *et al.*, at a time well before concerns about Internet transactions arose, simply aggregates buyers, intermediaries, and payment institutions, all on a same hierarchy, in a manner in which "ordinary course" transactions occur, as a result of a single central exchange.

The dependent claims 2 - 7 relate to security, identification and verification. Claims 8 - 15 depend on claim 30 and describe transaction protocols. Dependent claims 17, 19 and 20 describe methods and devices for accessing the system. Dependent claims 18, 21 and 22 describe funding in the system and claims 23 and 24 describe mailboxes used in the system of claim 1.

Claim 25 is now in independent form and relates to a payment system in which a hard memo post is issued against a non on us funds transfer in a system such as that of claim 1..

Claims 26, 27 and 28 set out a multiple merchant mall, an immediate distribution queue, and administration by a third party in the system of claim 1.

Applicant submits the dependent claims are additionally distinguished over Shavitt *et al.* in their further aspects as pointed out in the claims.

Conclusion

As evidenced by the foregoing amendments and remarks, it is respectfully submitted that the present application is in form to be considered for allowance. A notice of allowance is requested. Should the Examiner have any questions or suggestions in view of the foregoing, applicant's undersigned attorney.

Reexamination, reconsideration and allowance are respectfully requested.

Respectfully submitted,



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I hereby certify that this RESPONSE TO THE OFFICIAL COMMUNICATION MAILED ON SEPTEMBER 11, 2002 accompanied by a petition for an extension of time and a corrected Figure 12 is being transmitted by facsimile to 703-305-7687 and a confirmation copy is being deposited with the United States Postal Service with sufficient postage for Express Mail in an envelope, Receipt Number EV204133100US, addressed to Commissioner for Patents, Box Non Fee Amendment, Washington, D.C. 20231, both on March 11, 2003.



Edwin M. Baranowski